

SECRET

OFFICE OF THE AUDITOR-IN-CHIEF
On Duty Strength - 31 October 1954

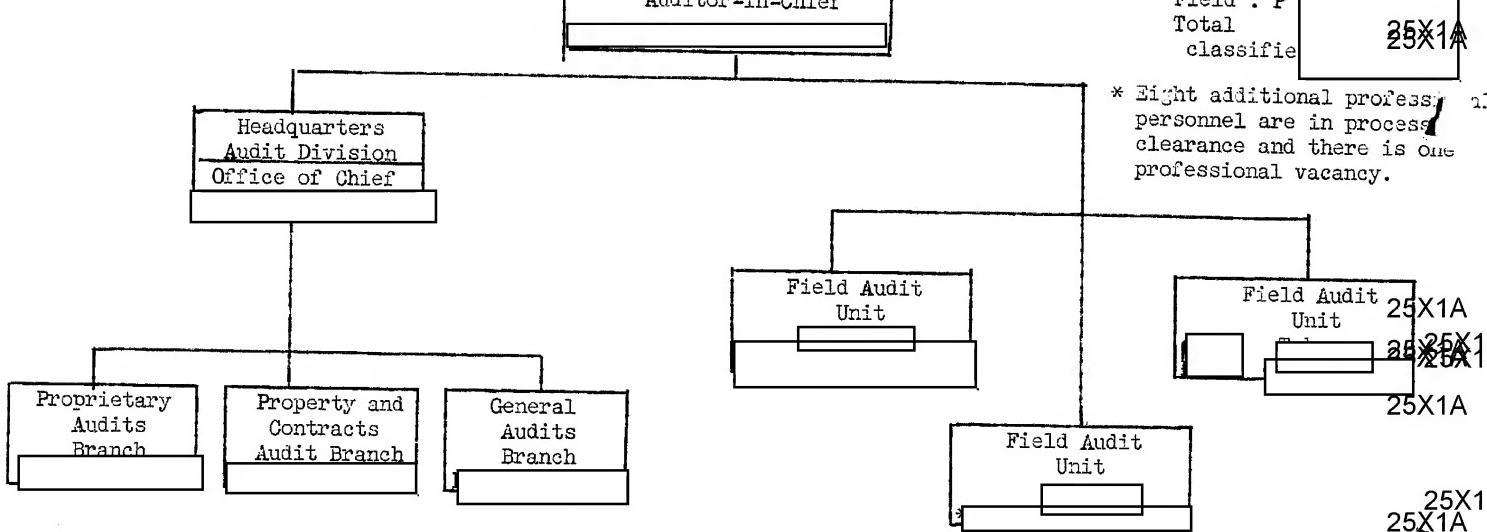
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LEGEND: P - Professional
C - Clerical
T - Total

RECAP

Hdq. . . P
C
Field . P
Total
classified

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This chart reflects a reorganization of the Office of the Auditor-in-Chief recommended by the Management Staff which is in process of official Agency approval. The office has been operating on this basis since August 1954. The Field Audit Units' personnel are included in the respective area division's overseas table of organization and budget. The 1955 budget for the Auditor-in-Chief and the Headquarters Audit Division was presented as the budget of the Audit Office with no breakdown, as follows: [redacted] All Other, [redacted]; Total [redacted]. Field budgets for 1955 included 01 funds for the Field Audit Units, as follows: [redacted] Total [redacted]. No breakdown was shown for other funds.

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OFFICE OF THE AUDITOR-IN-CHIEF

FUNCTIONS AND ACTIVITIES

The following material gives effect to reorganization of the Office of the Auditor-in-Chief recommended by the Management Staff which is in process of official Agency approval. The office has been operating on the reorganized basis since August 1954.

Auditor-in-Chief

1. The provisions of Section 10 of the Central Intelligence Agency Act of 1949 (63 Stat. 208) grants extraordinary authority to the Agency for the expenditure of public funds. Large portions of the Headquarters activities of the Agency, although highly classified, can be audited securely in conformance with normal Government procedures. For the support of strictly covert operations and for extraordinary or emergency requirements Agency funds are expended under the authority of the CIA Act of 1949 which makes the certification of the Director of Central Intelligence a final accounting to all outside agencies. This permits the Agency to conduct the final audit of confidential funds in accordance with Agency Regulation [redacted] The mission STATINTL functions, authority, and responsibilities of the Auditor-in-Chief in auditing CIA funds and property are outlined in Agency Regulations [redacted] dated STATINTL 10 August 1954 and [redacted] dated 3 August 1954. STATINTL

2. The Auditor-in-Chief is responsible for the audit of all matters relating to the receipt, disbursement, and application of funds and assets available to the Agency, and for the review of financial and property accounting policies, procedures, practices and activities to determine that suitable controls are established to assure a proper accounting for all Agency assets.

3. The Auditor-in-Chief reports to the Director any activities of the Agency which he finds as a result of his authorized audit activities to be, in his opinion, uneconomical, inefficient, or improper and to recommend to the Director and/or the appropriate responsible official(s) changes in the interest of efficiency and protection of Government funds and property.

4. The Auditor-in-Chief serves the same purpose for this Agency with respect to confidential funds that the General Accounting Office serves for other Government agencies. Audits made by the Auditor-in-Chief of confidential funds are final. There is no further review by outside sources.

5. The Auditor-in-Chief uses the "spot check" or selective test check technique and, depending on the results of that technique, may find it necessary to make detailed checks covering every transaction. With respect to

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expenditures, he conducts a post audit, i.e., audit after payment. The Comptroller has responsibility for the examination of claims before payment.

6. The Auditor-in-Chief is required to make at least an annual audit of all accounts of the Agency.

7. Under the direction of the Auditor-in-Chief are the Headquarters Audit Division and the Field Audit Units. The latter units are carried on the respective area division's overseas table of organization and are included in the budgets of those divisions.

Headquarters Audit Division

8. This division is the staff which assists the Auditor-in-Chief in carrying out at Headquarters level his mission and responsibilities described in Regulations [redacted]. In addition, it is the operating office for the final audit of (a) all Headquarters confidential funds accounts, including proprietary, subsidy, and other special Agency projects administered by Headquarters, (b) all property controlled by Headquarters, and (c) all Agency-sponsored activities such as Government Employees Health Association and the CIA Federal Credit Union.

9. Comprehensive audits are made of financial accounts and other activities of a nonbusiness nature. Regular commercial-type audits are made of business-type activities, such as proprietary project cover companies. The audits include (a) survey and evaluation of internal controls and procedures; (b) preparation of audit programs; (c) carrying out of audit programs, including (1) verification of assets, liabilities, proprietary accounts, and operating results as shown in financial statements or in accounting records, including the necessary examination of individual transactions to determine compliance with applicable laws and Agency regulations, (2) audit of property accounts and transactions and the accountability for Agency-owned or controlled property, (3) review of prepayment contract audits made by the Comptroller to determine their adequacy, and (4) expenditure analysis to determine whether Agency funds have been economically and efficiently administered and expended; and (d) preparation of audit reports requesting corrective action where necessary.

10. The Headquarters Audit Division is divided into three branches, the functions of which are described as follow:

Proprietary Audits Branch

11. Review the project administrative plan, Finance Division records of Agency investment and costs, and project financial statements for each proprietary project. Based on this review, determine (a) whether the audit will be performed at Headquarters, at the site of the project, or elsewhere and (b) whether, if a site audit, it will be performed by Agency auditors or by an outside firm on a witting or nonwitting basis, taking into consideration such factors as amount involved, security, type of operations, reports, and controls.

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